

AMENDED IN SENATE MARCH 9, 2015

SENATE BILL

No. 45

Introduced by Senator Mendoza

December 12, 2014

An act to amend Sections 14000, 14005, and 14010 of, and to add Article 4 (commencing with Section 14240) to Chapter 4 of Division 7 of, the Unemployment Insurance Code, relating to economic workforce development.

LEGISLATIVE COUNSEL'S DIGEST

SB 45, as amended, Mendoza. ~~Economic development.~~ *Workforce development: federal Workforce Innovation and Opportunity Act.*

The federal Workforce Investment Act of 1998 (WIA) authorizes workforce investment activities, including activities in which states may participate. The federal Workforce Innovation and Opportunity Act (WIOA), beginning July 1, 2015, repeals and supersedes the WIA and, among other things, requires a state, in order to receive specified allotments of federal funds and before the second full program year after July 22, 2014, to identify planning regions and require local boards and chief elected officials to prepare regional plans for those planning regions, as specified.

The California Workforce Investment Act requires the California Workforce Investment Board to develop and update a state workforce investment plan, as specified. Existing law requires each local board to develop and submit to the Governor a comprehensive 5-year local plan in partnership with the appropriate chief local elected officials that is consistent with the state workforce investment plan.

This bill would require the state, in conformity with WIOA and after consultation with local boards and chief elected officials, to identify

planning regions. The bill would require local boards and chief elected officials to prepare regional plans for those planning regions, as specified. By imposing this requirement on local government, the bill would impose a state-mandated local program. The bill would also require the board to aid the Governor in facilitating system alignment across the core programs of WIOA, as defined, and make related and conforming changes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~Existing law provides for various economic development programs throughout the state that foster community sustainability and community and economic development. Existing law also authorizes local agencies to finance the purchase, construction, expansion, improvement, or rehabilitation of certain types of facilities.~~

~~This bill would state the intent of the Legislature to enact legislation that would authorize local governmental entities to use tax increment financing for the development of economic planning, infrastructure, and educational facilities.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 14000 of the Unemployment Insurance
- 2 Code is amended to read:
- 3 14000. (a) The Legislature finds and declares that, in order
- 4 for California to remain prosperous and globally competitive, it
- 5 needs to have a well-educated and highly skilled workforce.
- 6 (b) The Legislature finds and declares that the following
- 7 principles shall guide the state's workforce investment system:
- 8 (1) Workforce investment programs and services shall be
- 9 responsive to the needs of employers, workers, and students by
- 10 accomplishing the following:
- 11 (A) Preparing California's students and workers with the skills
- 12 necessary to successfully compete in the global economy.

1 (B) Producing greater numbers of individuals who obtain
2 industry-recognized certificates and degrees in competitive and
3 emerging industry sectors and filling critical labor market skills
4 gaps.

5 (C) Adapting to rapidly changing local and regional labor
6 markets as specific workforce skill requirements change over time.

7 (D) Preparing workers for good-paying jobs that foster economic
8 security and upward mobility.

9 (2) State and local workforce investment boards are encouraged
10 to collaborate with other public and private institutions, including
11 businesses, unions, nonprofit organizations, kindergarten and
12 grades 1 to 12, inclusive, career technical education programs,
13 adult career technical education and basic skills programs,
14 community college career technical education and basic skills
15 programs, entrepreneurship training programs, where appropriate,
16 the California Community Colleges Economic and Workforce
17 Development Program, and the Employment Training Panel, to
18 better align resources across workforce education and training
19 service delivery systems and build a well-articulated workforce
20 investment system by accomplishing the following:

21 (A) Adopting local and regional training and education strategies
22 that build on the strengths and fill the gaps in the education and
23 workforce development pipeline in order to address the needs of
24 job seekers, workers, and employers within regional labor markets
25 by supporting sector ~~strategies~~ *strategies and career pathways*.

26 (B) ~~Leveraging~~ *Building partnerships, aligning strategies, and*
27 *leveraging* resources across ~~education~~ *education, social services,*
28 and workforce training delivery systems to build a career ~~pathways~~
29 *pipeline* and fill critical skills gaps.

30 (3) Workforce investment programs and services shall be data
31 driven and evidence based when setting priorities, investing
32 resources, and adopting practices.

33 (4) Workforce investment programs and services shall develop
34 strong partnerships with the private sector, ensuring industry
35 involvement in needs assessment, planning, and program
36 evaluation.

37 (A) Workforce investment programs and services shall
38 encourage industry involvement by developing strong partnerships
39 with an industry's employers and the unions that represent the
40 industry's workers.

1 (B) Workforce investment programs and services may consider
2 the needs of employers and businesses of all sizes, including large,
3 medium, small, and microenterprises, when setting priorities,
4 investing resources, and adopting practices.

5 (5) Workforce investment programs and services shall be
6 outcome oriented and accountable, measuring results for program
7 participants, including, but not limited to, outcomes related to
8 program completion, employment, and earnings.

9 (6) Programs and services shall be accessible to employers, the
10 self-employed, workers, and students who may benefit from their
11 operation, including individuals with employment barriers, such
12 as persons with economic, physical, or other barriers to
13 employment.

14 *SEC. 2. Section 14005 of the Unemployment Insurance Code*
15 *is amended to read:*

16 14005. For purposes of this division:

17 (a) “Board” means the California Workforce Investment Board.

18 (b) “Agency” means the Labor and Workforce Development
19 Agency.

20 (c) “Career pathways,” “career ladders,” or “career lattices”
21 mean an identified series of positions, work experiences, or
22 educational benchmarks or credentials with multiple access points
23 that offer occupational and financial advancement within a
24 specified career field or related fields over time.

25 (d) “Cluster-based sector strategies” means methods of focusing
26 workforce and economic development on those sectors that have
27 demonstrated a capacity for economic growth and job creation in
28 a particular geographic area.

29 (e) “Data driven” means a process of making decisions about
30 investments and policies based on systematic analysis of data,
31 which may include data pertaining to labor markets.

32 (f) “Economic security” means, with respect to a worker, earning
33 a wage sufficient to support a family adequately, and, over time,
34 to save for emergency expenses and adequate retirement income,
35 based on factors such as household size, the cost of living in the
36 worker’s community, and other factors that may vary by region.

37 (g) “Evidence-based” means making use of policy research as
38 a basis for determining best policy practices. Evidence-based
39 policymakers adopt policies that research has shown to produce
40 positive outcomes, in a variety of settings, for a variety of

1 populations over time. Successful, evidence-based programs deliver
2 quantifiable and sustainable results. Evidence-based practices
3 differ from approaches that are based on tradition, belief,
4 convention, or anecdotal evidence.

5 (h) “High-priority occupations” mean occupations that have a
6 significant presence in a targeted industry sector or industry cluster,
7 are in demand by employers, and pay or lead to payment of a wage
8 that provides economic security.

9 (i) “Individual with employment barriers” means an individual
10 with any characteristic that substantially limits an individual’s
11 ability to obtain employment, including indicators of poor work
12 history, lack of work experience, or access to employment in
13 nontraditional occupations, long-term unemployment, lack of
14 educational or occupational skills attainment, dislocation from
15 high-wage and high-benefit employment, low levels of literacy or
16 English proficiency, disability status, or welfare dependency.

17 (j) “Industry cluster” means a geographic concentration or
18 emerging concentration of interdependent industries with direct
19 service, supplier, and research relationships, or independent
20 industries that share common resources in a given regional
21 economy or labor market. An industry cluster is a group of
22 employers closely linked by common product or services,
23 workforce needs, similar technologies, and supply chains in a given
24 regional economy or labor market.

25 (k) (1) “Industry or sector partnership” means a workforce
26 collaborative that organizes key stakeholders in a targeted industry
27 cluster into a working group that focuses on the workforce needs
28 of the targeted industry cluster. An industry or sector partnership
29 organizes the stakeholders connected with a specific local or
30 regional industry—multiple firms, labor groups, education and
31 training providers, and workforce and education systems—to
32 develop workforce development strategies within the industry.
33 Successful sector partnerships leverage partner resources to address
34 both short-term and long-term human capital needs of a particular
35 sector, including by analyzing current labor markets and identifying
36 barriers to employment within the industry, developing cross-firm
37 skill standards, curricula, and training programs, and developing
38 occupational career ladders to ensure workers of all skill levels
39 can advance within the industry.

(2) Industry or sector partnerships include, at the appropriate stage of development of the partnership, all of the following:

(A) Representatives of multiple firms or employers in the targeted industry cluster, including small-sized and medium-sized employers when practicable.

(B) One or more representatives of state labor organizations, central labor coalitions, or other labor organizations, except in instances where no labor representations exists.

(C) One or more representatives of local workforce investment boards.

(D) One or more representatives of kindergarten and grades 1 to 12, inclusive, and postsecondary educational institutions or other training providers, including, but not limited to, career technical educators.

(E) One or more representatives of state workforce agencies or other entities providing employment services.

(3) An industry or sector partnership may also include representatives from the following:

(A) State or local government.

(B) State or local economic development agencies.

(C) Other state or local agencies.

(D) Chambers of commerce.

(E) Nonprofit organizations.

(F) Philanthropic organizations.

(G) Economic development organizations.

(H) Industry associations.

(I) Other organizations, as determined necessary by the members comprising the industry or sector partnership.

(l) “Industry sector” means those firms that produce similar products or provide similar services using somewhat similar business processes, and are closely linked by workforce needs, within a regional labor market.

(m) “Local labor federation” means a central labor council that is an organization of local unions affiliated with the California Labor Federation or a local building and construction trades council affiliated with the State Building and Construction Trades Council.

(n) “Sector strategies” means methods of prioritizing investments in competitive and emerging industry sectors and industry clusters on the basis of labor market and other economic

1 data indicating strategic growth potential, especially with regard
2 to jobs and income, and exhibit the following characteristics:

3 (1) Focus workforce investment in education and workforce
4 training programs that are likely to lead to jobs providing economic
5 security or to an entry-level job with a well-articulated career
6 pathway into a job providing economic security.

7 (2) Effectively boost labor productivity or reduce business
8 barriers to growth and expansion stemming from workforce supply
9 problems, including skills gaps and occupational shortages by
10 directing resources and making investments to plug skills gaps
11 and provide education and training programs for high-priority
12 occupations.

13 (3) May be implemented using articulated career pathways or
14 lattices and a system of stackable credentials.

15 (4) May target underserved communities, disconnected youths,
16 incumbent workers, and recently separated military veterans.

17 (5) Frequently are implemented using industry or sector
18 partnerships.

19 (6) Typically are implemented at the regional level where sector
20 firms, those employers described in subdivisions (j) and (l), often
21 share a common labor market and supply chains. However, sector
22 strategies may also be implemented at the state or local level
23 depending on sector needs and labor market conditions.

24 (o) “Workforce Investment Act of 1998” means the federal act
25 enacted as Public Law 105-220.

26 (p) “*Labor market area*” means an economically integrated
27 geographic area within which individuals can reside and find
28 employment within a reasonable distance or can readily change
29 employment without changing their place of residence. Labor
30 market areas shall be identified in accordance with criteria used
31 by the Bureau of Labor Statistics of the Department of Labor or
32 similar criteria established by the Governor.

33 (q) “*Recognized postsecondary credential*” means a credential
34 consisting of an industry-recognized certificate or certification, a
35 certificate of completion of an apprenticeship, a license recognized
36 by a state involved or the federal government, or an associate or
37 baccalaureate degree.

38 (r) “*Core program*” means a program authorized under a core
39 program provision of the federal Workforce Innovation and
40 Opportunity Act (Public Law 113-128).

(s) “Core program provision” means any of the following:

(1) Subparts 2 and 3 of Part B of Subchapter I of Chapter 32 of Title 29 of the United States Code.

(2) Subchapter II of Chapter 32 of Title 29 of the United States Code.

(3) Sections 1 to 13, inclusive, of the federal Wagner-Peyser Act (29 U.S.C. Sec. 49 et seq.).

(4) Title I of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 720 et seq.), excluding Section 112 (29 U.S.C. 732) and Part C (29 U.S.C. Sec. 741).

SEC. 3. Section 14010 of the Unemployment Insurance Code is amended to read:

14010. The California Workforce Investment Board is the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California’s workforce investment system and the alignment of the education and workforce-investment systems to the needs of the 21st century economy and workforce. *The board shall aid the Governor in facilitating system alignment across the core programs of the federal Workforce Innovation and Opportunity Act (Public Law 113-128) as well as other educational, social service, rehabilitation, and economic development agencies the Governor chooses to bring together in partnership.*

SEC. 4. Article 4 (commencing with Section 14240) is added to Chapter 4 of Division 7 of the Unemployment Insurance Code, to read:

Article 4. Regional Planning

14240. *The state shall, in conformity with the federal Workforce Innovation and Opportunity Act (Public Law 113-128), after consultation with local boards and chief elected officials, and pursuant to a process consistent with the considerations described in Section 3121(b)(1)(B) of Title 29 of the United States Code, identify all of the following:*

(a) *The regions comprised of one local area aligned with the region.*

(b) *The regions comprised of two or more local areas collectively aligned with the region. These regions shall be referred*

1 *to as planning regions, consistent with Section 3102 of Title 29 of*
2 *the United States Code.*

3 *(c) The regions identified pursuant to subdivision (b) that are*
4 *interstate areas contained within two or more states and consist*
5 *of labor market areas, economic development areas, or other*
6 *appropriate contiguous subareas of those states.*

7 *14241. (a) The local boards and chief elected officials in each*
8 *planning region described in subdivision (b) or (c) of Section*
9 *14240 shall engage in a regional planning process that results in*
10 *all of the following:*

11 *(1) The preparation of a regional plan, as described in*
12 *subdivision (b).*

13 *(2) The establishment of regional service strategies, including*
14 *the use of cooperative service delivery agreements.*

15 *(3) The development and implementation of sector initiatives*
16 *for in-demand industry sectors or occupations for the region.*

17 *(4) The collection and analysis of regional labor market data,*
18 *in conjunction with the state.*

19 *(5) The establishment of administrative cost arrangements,*
20 *including the pooling of funds for administrative costs, as*
21 *appropriate, for the region.*

22 *(6) The coordination of transportation and other supportive*
23 *services, as appropriate, for the region.*

24 *(7) The coordination of services with regional economic*
25 *development services and providers.*

26 *(8) The establishment of an agreement concerning how the*
27 *planning region will collectively negotiate and reach agreement*
28 *with the Governor on local levels of performance for, and report*
29 *on, the performance accountability measures described in Section*
30 *3141(c) of Title 29 of the United States Code for local areas or*
31 *the planning region.*

32 *(b) The state, after consultation with local boards and chief*
33 *elected officials for the planning regions, shall require the local*
34 *boards and chief elected officials within a planning region to*
35 *prepare, submit, and obtain approval of a single regional plan*
36 *that includes a description of the activities described in subdivision*
37 *(a) and incorporates local plans for each of the local areas in the*
38 *planning region. The state shall provide technical assistance and*
39 *labor market data, as requested by local areas, to assist with the*
40 *regional planning and subsequent service delivery efforts.*

~~SECTION 1. It is the intent of the Legislature to enact legislation that would authorize local governmental entities, including, but not limited to, cities, counties, and cities and counties, to use tax increment financing for the development of economic planning, infrastructure, and educational facilities.~~

Heading—Last amended date.